



Indiana Office of Utility Consumer Counselor

115 W. Washington St.  
Suite 1500 South  
Indianapolis, IN 46204  
[\*\*www.IN.gov/OUCC\*\*](http://www.IN.gov/OUCC)

Toll-free 1-888-441-2494  
Voice/TDD (317) 232-2494  
Fax (317) 232-5923  
[\*\*UCCINFO@oucc.IN.gov\*\*](mailto:UCCINFO@oucc.IN.gov)

## **PUBLIC FIELD HEARING – BASIC FACTS**

**An Indiana Utility Regulatory Commission (IURC) public field hearing is a formal, legal proceeding.**

- An Administrative Law Judge presides with at least one Commissioner present. A court reporter records testimony.

**The sole purpose of the field hearing is to accept sworn testimony from customers under oath.**

- Commissioners are not allowed to answer questions, as they will weigh the evidence and render a decision.
- OUCC and IURC staff can answer procedural questions on an individual basis.

**Consumers may make sworn oral or written comments for the record.**

- Written and sworn oral comments receive equal consideration.

**No final decision will be made tonight.**

## **VECTREN GAS INFRASTRUCTURE CASE – IURC CAUSE NO. 44429**

In IURC Cause No. 44429, **Vectren Energy Delivery** is seeking **Indiana Utility Regulatory Commission (IURC)** approval of seven-year infrastructure replacement plans for its natural gas utilities in Indiana in order to make investments in eligible transmission, distribution and storage system improvements to their facilities. Vectren is also seeking IURC permission to implement a new rate adjustment mechanism (or tracker) that will allow it to recover costs of the infrastructure projects as they are incurred. The company refers to the new mechanism as the “Compliance System and Improvement Adjustment (CSIA)” and states that it plans to file its first CSIA rate adjustment requests in September 2014.

The proposed CSIA would have two components:

1. The first component would recover expenses for pipeline safety projects that are required under federal mandates and would comprise the majority of the tracker’s costs. These costs are now being recovered through Vectren’s pre-existing Pipeline Safety Adjustment (PSA) that was authorized by the Indiana General Assembly in 2011 (Indiana Code 8-1-8.4).
2. The second component consists of a new charge known as a “Transmission, Distribution, and Storage System Improvement Charge (TDSIC)” and would include rate recovery for projects within the plans which are outside the scope of the federal mandates. A 2013 Indiana law (Indiana Code 8-1-39) allows natural gas and electric utilities to submit seven-year infrastructure improvement plans for IURC approval, and then seek rate adjustments every six months – subject to OUCC review and IURC approval – to recover project costs under the seven-year plans as they are incurred. A utility may recover 80 percent of the incurred costs through the TDSIC while deferring the remaining 20 percent to its next base rate case, which must be filed by the end of the seven-year period.

According to Vectren's testimony, construction on the proposed projects – including gas main replacements and upgrades to transmission and distribution pipelines – would start later this year.

- The seven-year plan for the Vectren South service territory – which includes approximately 110,000 customers in nine southwestern Indiana counties formerly served by Southern Indiana Gas & Electric Co. (SIGECO) – includes a total of \$216.8 million in capital improvement projects. This total includes \$173.7 million under the federal mandate law and \$43.1 million in TDSIC rate recovery.
- In its testimony and exhibits, Vectren projects that the CSIA would raise an average residential customer's monthly bill – in the first year – by \$1.34 in the South territory. Larger increases would ensue each year during the term of the plan through 2021.

This proposal would not affect service or rates for Vectren's electric utility.

**The Indiana Office of Utility Consumer Counselor (OUCC)** is a separate state agency from the IURC, and is the statutory representative for the interests of all utility consumers (residential, commercial and industrial) in IURC cases. The OUCC filed testimony on March 21, 2014, available online at [www.in.gov/oucc/2770.htm](http://www.in.gov/oucc/2770.htm), based on a four-month legal and technical review.

The OUCC's review shows that the proposed projects are consistent with the statutes the legislature approved in 2011 and 2013. It recommends that the IURC impose certain conditions if it approves the plans, including:

- No double-recovery for new infrastructure through rates. (In other words, Vectren should reduce the new capital investments for all replaced assets by the amount already embedded for the replaced assets in base rates.)
- Use of the volumetric portion of gas bills for any rate recovery. (Vectren's proposal would increase residential gas rates through the fixed charge portion of bills.)
- Filing of an updated capital structure with each six-month rate filing. (An outdated structure would be used under Vectren's request.)
- Stricter reporting requirements than those proposed by Vectren. (These include detailed cost estimates for every project in the seven-year plans, both in the pending case and upcoming tracker filings.)

Several additional parties have intervened in this case as allowed by state law, including the Citizens Action Coalition of Indiana, Nucor Steel, Steel Dynamics, Inc., and the Vectren South Commercial and Industrial Group (including CountryMark Refining and Logistics, LLC and Saint-Gobain Containers, Inc.).

## FUTURE STEPS

Written consumer comments the OUCC receives by the close of business on April 21, 2014 will be filed with the IURC to be included in the case's evidentiary record.

The OUCC and other parties may file supplemental testimony by April 23, 2014.

The OUCC and other parties may also file testimony responsive to the supplemental testimony by April 30, 2014.

An IURC technical evidentiary hearing is scheduled to start on May 7, 2014 in Indianapolis. While evidentiary hearings are open to the public, participation is typically limited to attorney and Commission questioning of technical witnesses who have filed written testimony on behalf of the formal parties.

Dates for additional written filings will be confirmed at the conclusion of the May evidentiary hearing.

IURC final orders are issued at the Commission's weekly Conferences. Conferences are typically held on Wednesday afternoons, with agendas posted 48 hours in advance at: [www.in.gov/iurc/2428.htm](http://www.in.gov/iurc/2428.htm).

All dates are subject to change. A settlement agreement is possible in any legal proceeding.

## TO LEARN MORE

All publicly filed documents in this case are available on the IURC Website:

- Visit [www.in.gov/iurc](http://www.in.gov/iurc)
- Click the "Electronic Document System" link in the upper right portion of the page
- Click the "Search Cases" link near the upper left corner of the following page
- Enter the docket number 44429 in the first field on the search page

Case updates are also available on the OUCC Website at [www.in.gov/oucc/2770.htm](http://www.in.gov/oucc/2770.htm).

## GENERAL AGENCY INFORMATION

### Indiana Office of Utility Consumer Counselor (OUCC)

- State agency
- Represents the interests of all Indiana utility consumers – including residential, commercial and industrial customer interests – in cases before the IURC and federal utility regulatory commissions
- Staff of attorneys, accountants, engineers, economists, consumer services and support personnel

### Indiana Utility Regulatory Commission (IURC)

- State agency
- Regulates many, but not all, Indiana utilities. Regulates utility rates, financing, service territory, quality, etc.
- Required by law to make decisions that balance the interests of utilities and consumers